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THE SUPPOSED NECESSITY OF THE LEGAL TENDER PAPER.

In any investigation relative to our legal tender paper, one naturally distinguishes between the issues of the civil war period and those coming as a part of our experience with silver. It is to a particular phase of the former that attention is called in this article. We pass over the details of some important steps, such as the issue of demand notes in July, 1861, the $150,000,000 loan by the associated banks, and the suspension of specie payment, by which Congress was led to issue the United States notes. It is proposed here to take a survey of the conditions prevailing in the period beginning early in 1861, and ending about June 30, 1862, with a view to ascertaining whether the necessity did, in fact, exist for the several issues of these notes during the Civil War. The period covered is the critical one for this purpose, since by its close Congress was fully alive to the importance of heavy taxation, and the government had learned the necessity of paying,

indirectly, if not directly, a rate of interest on loans sufficiently high to attract investors. After such a stage had been reached, there was comparatively little danger of the inauguration, *de novo*, of a legal tender paper.

In the fall of 1861 a large part of the work of the Ways and Means Committee was divided between two sub-committees; one having charge of matters relating to loans, the other of those relating to revenues. The former was composed of three members,— E. G. Spaulding, of New York, Erastus Corning, of New York, and Samuel Hooper, of Massachusetts. The legal tender legislation was initiated by this sub-committee of three. Hooper, for the first time, took his place in the House of Representatives in December, 1861, and owed his opportunity for a seat to the resignation of William Appleton, whose failing health compelled him to give up a valuable service to the country. This change of membership from the Suffolk District of Massachusetts was of the first importance in the matter of United States note issues.

Appleton had been persuaded to serve in the Congress of 1851–52, in that of 1853–54, and again in the extra session of 1861. During the entire period of his Congressional life he was a member of the Ways and Means Committee. His services in the summer of 1861 were declared to "have been of the very highest value, since his efforts, which were as devoted and active as those of the strongest political ally of the administration, were also guided by an experience and knowledge of the commerce and resources of the country such as probably no other member of the committee, or perhaps of the House, possessed." * The personal testimony of his contemporaries † informs us that the business community of Boston

* See Boston *Advertiser*, September 30, 1861.

† For example, the late Professor Charles F. Dunbar and Mr. T. Jefferson Coolidge.

considered the monetary and financial interests of the nation to be much safer in his hands than in those of his successor. All of the evidence from his contemporaries and from the results of the summer session of 1861 points to his opposition to attaching the legal tender quality to paper money.

Samuel Hooper was a man of wide business experience and of considerable information on currency questions; but his views, as expressed in 1855,* clearly foreshadow his attitude on the legal tender question in 1861 and 1862. He believed that the "Continental money" of the old Confederacy had "effected a good and great work at a most critical time, and the loss by its total depreciation was not much greater or less justly distributed than it would have been by any scheme of taxation." † He held that gold and silver only should make up the currency in times of peace, but that paper money might well be resorted to in great emergencies. At such times, he said, "it may be used for the business transactions within the country, to release the coin from that service, so that it [coin] may be used by the government . . . for the common welfare." ‡ Being thus committed to the policy of a legal tender paper in times of emergency, having no confidence in any system of bank-note issues, and being in close sympathy with the administration, Hooper was in the frame of mind and in a position of influence to assist materially in giving the country a legal tender paper money in February, 1862.

As it happened, in January the Ways and Means Committee was equally divided on the question of recommending to the House the legal tender feature of the bill which afterwards became the act of February 25, 1862. With-

*See Hooper's *Currency or Money* (1855). These opinions, so far as important to us, were reiterated by Hooper in speeches in Congress from 1862 to 1869, and, therefore, may be presumed to have been held by him during the period under review.

† Ibid., p. 24.

‡ Ibid., pp. 71–75 and 87. See also Hooper's speech of April 6, 1864, in the House of Representatives.

out changing his views, one of the members (Stratton), who was opposed to it, finally consented to let the clause go before the House for consideration. It was peculiarly true in those doubtful days — such was the frame of mind of Congressmen — that whatever recommendation came from the Ways and Means Committee had every chance of receiving the support of the majority in the House: hence the importance of reporting this clause. Had William Appleton instead of Samuel Hooper been a member of that committee, it is not too much to say that the legal tender feature would have failed of recommendation.

The same pressure for means to support the government which brought about the issue of legal tender notes led also to a provision for their deposit as a temporary loan with the Secretary of the Treasury. The act of February 25, 1862, provided that these notes might be received on deposit for not less than thirty days, in sums of not less than one hundred dollars, and could be withdrawn in any sum on ten days' notice. The certificates of deposit issued in return were to bear 5 per cent. interest, or less at the discretion of the Secretary. The comparatively small amount of $25,000,000, to which the deposits were limited by the act, points to the expectation of only slight relief from this source. In fact, this provision was inserted more as a means of checking the depreciation of United States notes than as a direct means of borrowing.* But this field proved to be comparatively fruitful in supplying funds at a critical juncture. Deposits began to accumulate early and very rapidly. During the week ending March 4, 1862, they amounted to $5,000,000, and during the following week to $4,500,000. Within three weeks after this authority was given, it became necessary to amend the act by raising the limit of temporary deposits to $50,000,000. The following table exhibits the results of this device, by weeks, up to July 1, 1862: —

* See Boston *Advertiser*, February 13, 1862.

TEMPORARY DEPOSITS TO JULY 1, 1862.*

Week ending	*Amount of deposit.*	*Amount withdrawn.*	*Total.*
March 4, 1862	$5,018,455		
March 11, 1862	4,527,693	$593,200†	$8,952,948
March 18, 1862	2,706,386	655,965	10,993,369
March 25, 1862	552,675	65,550	11,480,494
April 1, 1862	914,488	167,797	12,227,185
April 8, 1862	2,371,105	622,300	13,975,990
April 15, 1862	7,266,130	206,905	21,035,215
April 22, 1862	9,164,055	487,700	29,711,570
April 29, 1862	7,544,500	192,400	37,063,670
May 6, 1862	7,608,000	63,500	44,608,170
May 13, 1862	1,722,000	269,530	46,060,640
June 17, 1862	———	———	56,067,150
July 1, 1862	———	———	57,746,116

We find from the foregoing table that the withdrawals of deposits from week to week were at all times comparatively small in amount, and that the totals show an increase of greater or less moment in every instance.

As early as March 5 the New York banks set on foot a project which smoothed the way to facilitate deposits. In furtherance of this project, at a meeting of the Clearing-house Association held on March 7, its committee reported, through George S. Coe, that "it had become necessary and desirable that United States demand treasury notes be made a basis for the settlement of balances at the clearing house"; and it recommended four

*This table is compiled from Senator Chandler's speech of June 17, 1862, *Congressional Globe*, 1862, p. 2774, except that the last item for July 1 is taken from the *Finance Report* for 1862. The figures in the first column (amount of deposits) correspond roughly with those given in the daily statements of the New York *Tribune's* financial column. These latter, being statements for transactions at the sub-treasury at New York only, are smaller in the aggregate than Chandler's, which are for the whole country. I have not used Chandler's *totals*, as he seems to have confused another temporary loan with the temporary deposits in arriving at his totals. The falling off after March 11 is due to a letter from Mr. Cisco, assistant treasurer at New York, dated March 14, stating that withdrawals would be paid in any notes which had been made a legal tender. Since demand notes were wanted for payment of import duties, they were withheld from deposit with the government. See *American Annual Cyclopedia*, 1862, p. 456.

†Total to date.

different methods by which this could be done.* It was finally decided to use for such a basis, to the extent of $20,000,000,† the certificates of temporary deposit which, in return for the deposit of demand notes, were to be issued by the assistant treasurer in convenient and special form, payable to any member of the New York Clearing-house Association. The clearing-house loan certificates which were now to be displaced, bore 7 per cent. interest, thus leaving the banks no inducement to expand their loans, even at 7 per cent., if thereby they should become debtors at the clearing house. The effect of this new plan was to relieve the money market at once by furnishing an outlet for the treasury notes, and by enabling the banks to make loans at 6 per cent. to 7 per cent., paying 5 per cent. only on their certificates when thrown debtor at the clearing house.‡

The interior banks were not long in learning the advantages of a loan in this form; and as early as March 12 we find their deposits with the sub-treasurer at New York, making up a part of the total of $800,000 for the day.

Considered from the point of view of their supposed urgent necessity, the issue of the United States notes authorized by the act of February 25 was long delayed. The contract for engraving and printing was not awarded until March 10, and no issues actually reached the sub-treasury at New York until the first week in April.§ By April 12 notes in large denominations were being issued, and, not circulating freely, accumulated in the banks, which in turn, on that date, placed them on deposit at

* See the New York *Tribune*, financial column, March 10, 1862. The legal tender notes were afterwards used in the same way.

† The whole amount authorized by Congress at this time was $25,000,000. On March 11 clearings were made in the 5 per cent. certificates of temporary deposits. See New York *Tribune*, March 12, 1862.

‡ See New York *Tribune*, financial column, March 6, 1862.

§ See Boston *Advertiser*, April 7, 1862, and New York *Tribune*, April 7, 1862. In the *Tribune* of April 1 we find a statement that the notes are ready to forward to Washington.

5 per cent. interest to the extent of nearly one million dollars. On the single day of April 21 the large sum of $2,300,000 was deposited,* and Secretary Chase began to consider the reduction of the rate of interest to 4 per cent. An order to that effect was issued April 25, an exception being made in the case of clearing-house banks, since they extended the use of certificates of deposit for purposes of clearings from $20,000,000 to $40,000,000, and since their deposits were likely to prove more permanent than those of other banks and of individuals. Up to this time less than $3,000,000 had in the aggregate been withdrawn from deposit; and on Saturday, May 3, the assistant treasurer in New York ceased paying 5 per cent. interest. The deposits on the preceding day were the largest any single day had afforded, and several large lots offered on May 3, at 5 per cent., were refused by the government.† From all appearances the line might have been carried on rapidly to the $100,000,000 mark. Secretary Chase was not at that time inclined to ask Congress to extend the $50,000,000 limit, as he anticipated that the public would soon begin the conversion of the United States notes into 5–20 bonds. Conversions on the whole were small, however; and on June 7, Secretary Chase addressed a letter to the Ways and Means Committee, in which he recommended the removal of the restriction on deposits. The 5–20 bonds were not selling at that time (*i.e.*, aside from conversions); and the Treasury was dependent upon conversions and customs receipts, both of which sources yielded but $380,000 daily, while the expenditures were $1,000,000 daily.

*Since the deposits were made largely, after the first week in April, in the new legal tender notes, it may seem that the temporary loan could not have existed on such a large scale without these notes. This does not, however, follow. The deposits could have been made just as advantageously in the treasury notes provided for in the plan of the minority of the Ways and Means Committee. For this plan see *infra*, p. 349 *et seq.*

† Temporary deposits continued to some extent to come in at 4 per cent.

By the act of July 11, 1862,* Congress raised the limit to $100,000,000, and left the rate of interest to the discretion of the Secretary.

The deposit system created a savings-bank of the safest description, where any person having one hundred dollars or more could obtain a negotiable government security, which, while he kept it, paid him 5 per cent.† interest, and which he could sell or have redeemed at any time after ten days' notice. Moreover, by patronizing it, a patriotic service was rendered. The ordinary channels of investment were more or less closed; and, after the deposit limit was reached, the accumulation of funds in the banks which could not be used except at very low figures proved an embarrassment.‡ The conditions prevailing during the experiment to the latter part of June, at least, make it evident that, if the government had continued to pay a reasonable rate of interest, the amount of deposits would have reached a large sum. The system worked much better than had been anticipated; § but no sooner was its machinery in full motion, and no sooner was it evident that the people had funds to lend under proper conditions and at a proper rate, than Secretary Chase, instead of having the deposit limit raised by a simple amendment, abandoned the plan by reducing the rate, and attempting to force holders of loanable funds to convert the United States notes into 5-20 bonds.||

* By the act of January 30, 1864, the limit was raised to $150,000,000. At one time these deposits amounted to over $120,000,000.

† He received 5 per cent. interest until May 3, 1862, then 4 per cent. on all deposits made thereafter.

‡ See New York *Tribune*, May 12, 1862. Several causes, however, began to operate to relieve this embarrassment. The banks used the United States notes directly for clearing purposes, the small notes began to circulate freely as currency, and the larger notes formed a medium of exchange between the West and the Atlantic cities.

§ *Cf.* speeches by Chandler and Fessenden in the Senate, June 17, 1862.

|| The desire to put the debt in a permanent form by conversions into 5-20 bonds was laudable enough in itself; but, if conditions were not

Temporary deposits, then, afforded a means of borrowing by the government on favorable terms, and was similar to the operation of a bank in paying interest on deposits and using the funds so received as a source of profit.

During these operations there were finally brought into existence $150,000,000 of circulating treasury notes, partly legal tender and partly demand notes. That the legal tender quality was not necessary for the success of this device is evidenced by the fact that the demand notes were used indiscriminately with the legal tender notes after the appearance of the latter in April.* It is safe to assume, therefore, that the non-legal-tender treasury notes proposed in the plan of the minority † of the Ways and Means Committee would have served in this capacity absolutely as well as the United States notes. As these notes accumulated in the Treasury in the form of temporary deposits, they were sent to all parts of the Northern States in payment of troops, for supplies, and for other expenses of the government. It was estimated by such men as Senator Chandler that, with fair inducements to return for deposit, such as prevailed in the early spring of 1862, they should complete the circuit in and out of the Treasury, on the average, in thirty days. With the employment of $150,000,000 of non-legal-tender treasury notes in this way, and with the maintenance of a reserve of 15 per cent. to meet withdrawals, a loan could have been effected which would net the government more than the entire amount of the

favorable for it, the plan must be considered as ill-advised at the time. The banks were beginning to hoard the certificates bearing 5 per cent. interest, and were using United States notes directly for clearing purposes. If 5 per cent. interest had been continued, the banks would have continued their deposits. See New York *Tribune*, June 28, 1862.

* The demand notes were sought more eagerly than the legal tenders, since the former were receivable for import duties. The non-legal-tender quality of the demand notes acted in no way as a hindrance to their use in making temporary deposits. They were the only medium used in making those deposits before the appearance of United States notes, and were used after the appearance of the latter whenever they could be secured.

† See *infra*, p. 349 *et seq.*

legal tender notes authorized by the acts of February and July, 1862, and March, 1863.*

The certificates of indebtedness which were authorized by the act of March 1, 1862, formed another means by which the government was enabled, during the greater part of the calender year 1862, to borrow on favorable terms. These certificates could be issued "in satisfaction of audited and settled demands against the United States," were payable one year after date or earlier, and bore interest at the rate of 6 per cent. The important part which they played at a time when the Secretary of the Treasury felt that he had no resources at hand, and when none of the authorized United States notes had been issued, can be appreciated from the fact that in the fourteen days ending April 1 they were issued to the extent of $30,200,000, in satisfaction of pressing claims against the government. Selling at 96 per cent. to 97 per cent., they were, at the close of the first week in April, attracting a large amount of capital from the financial centres and from the country, because they were paying a higher interest than usual for investments in government securities.

These two resources of temporary deposits and of certificates of indebtedness worked so well that, on the one hand, little inclination showed itself for conversion of United States notes into the long 5-20 bonds, and, on the other, they provided the Treasury temporarily with means, which, with the small revenues, were its only resource for a considerable period, and which, with more dexterous handling, could have rendered important service in warding off the issue of legal tender notes.

*In answer to a possible objection that the deposit system had worked well because the people had confidence in it, and that this confidence would have been destroyed by largely increasing the deposits, it is to be said that the authority to sell $500,000,000 of 5-20 bonds at the market price, and the power of Congress to make further issues of treasury notes of the description recommended by the minority of the Ways and Means Committee, could be relied upon to meet any extraordinary demand for repayment of the deposits.

Mr. Chase was appointed to the treasury portfolio for political reasons rather than for his skill in finance. Of the duties in this field he had no knowledge, and no opportunity for preparation. President Lincoln, while aware of his stanch character and great abilities, selected him as the representative of a large wing of his supporters at the election of November, 1860, and as one of his chief rivals for the Presidency. Cameron, the Secretary of War, did not share Lincoln's confidence to the extent which was meted out to Seward and Chase; and when, in the spring of 1861, troops, especially those of the West, were to be raised and organized, it was easy for Chase to take much of the responsibility for this work upon himself. This was not distasteful to Lincoln, and Chase was spurred on by his own notion that the administration in general would fare better in his hands than in the President's. Throughout the war he continued his interest in the movements of the army, carried on a large correspondence with commanders, and held such a position in military affairs that officers and politicians persistently sought his influence.

This great amount of labor rendered outside of his own department cannot but have taken time and thought which, as after events at least have proved, were sorely needed within it. Although Chase, in the first months of the war, did a vast amount of work in the treasury department, perfecting its internal organization, he did not bring to it those larger considerations which would lead to an accurate anticipation of future needs and to a comprehensive and well-digested scheme of finance. If, in the early days of his incumbency, he had brought the zeal and wisdom spent upon military matters to an analysis of the shortcomings as well as the successes in the financiering of the War of 1812, and if he had acquainted himself with some leading examples of war financiering in other countries, his services would have been greater, and his leadership

with Congress would not have been jeopardized within a year by the want of definite and adequate plans.

It is no palliation of this error on the part of a finance minister that few men, during the spring and summer of 1861, thought of heavy taxation as a necessity for the future. While there was no general anxiety for heavy taxation exhibited during the spring and summer of 1861, and while there was general acquiescence in Chase's proposals in his report of July 4, the autumn was not far advanced when the public, represented by the press, bankers, and boards of trade, began to see earlier and more clearly than Chase or Congressmen that resort to heavy taxation was a necessary step in securing support for the government. Indeed, as early as July and August, some newspapers, the most influential in their respective communities,* advocated this policy. On October 30, the Philadelphia *North American and United States Gazette* represented a growing sentiment when it urged the cessation of dependence upon large loans, and advocated provision for a regular income sufficient to meet the wants of the government.†

After Congress assembled in December, the outside pressure was very heavy to induce it really to do something in this matter.‡ It was pointed out repeatedly that so far there had been no real taxation, and it was declared that "this hesitancy, like timid surgery, can only lead to a fatal result." The great question of the ar-

* See, Cincinnati *Gazette*, August 13, 1861, Boston *Advertiser*, July 13, 1861, on the ability of the country to sustain heavy taxation. And see resolutions of the New York Chamber of Commerce, August 1, 1861, in *Hunt's Merchants' Magazine*, vol. xlv. pp. 319, 320.

† See issue of October 30, 1861. On November 2 the *North American and United States Gazette* quoted from other papers — *e.g.*, New York *World* — in agreement with its position.

‡ See Boston *Advertiser*, January 1, 1862; New York *Journal of Commerce*, December 31, 1861; New York *Tribune*, January 15, 1862; Philadelphia *North American and United States Gazette*, January 2, 1862; New York Chamber of Commerce, January 2, 1862, in *Hunt's Merchants' Magazine*, vol. xlvi. p. 146.

rangement of a system of finance, however, did not offer much scope for brilliant speeches addressed to the galleries and to distant constituencies; but it called for hard thought, close calculation, and sober reasoning. It was these that the country wanted without delay. Congress, however, persisted at this crisis in spending time in criticising military leaders and in pressing its claims of privilege to secure information, when by so doing it endangered the great movements of the war. Under these circumstances the Boston *Advertiser* * assured members of Congress that, if they wished to maintain their authority with the country and to earn its regard, "they must do this by addressing themselves earnestly to the great topic of government finance which oppresses every reflecting citizen. . . . To put the truth in plain terms, however, there is a rapidly increasing feeling that Congress is afraid to deal decisively with this great subject. . . . He recommends himself most to the public who grapples with questions like this boldly and confidently, and who dares to say to the people that the time has come when they must consent to feel the pressure of the war which they are carrying on."

Another argument urged in favor of heavy taxation was based upon the wasteful and corrupt expenditures by the government, of which Secretary Chase, at times, bitterly complains. There was a feeling on the part of many that increased taxation would cause the people to watch expenditures more closely and would cause officials to reduce them by an appreciable amount.

It was such pressure as this, enforced by a keen sense of disappointment from the fact that Secretary Chase had failed to propose an adequate system in his December report, which drove Congress, whose almost irresistible tendency was to place sole reliance upon credit devices, to pass the tardy resolution of January 15, 1862, pledging itself to raise $150,000,000 from internal taxation. Even

* See the issue for January 11, 1862.

in this step of future promise, Congress fell short of the hopes of some parts of the country; and it was urged that Congress should "avail itself of the present favorable disposition of the country for the benefit of the Treasury." * This was the first important step in the right direction which was taken in the matter of the financial needs of the country. Although every one knew that the credit of the government must be relied upon to supply the immediate needs of the Treasury, a thorough conviction obtained throughout the country that taxation lay at the root of the whole problem, and that it must be definitely determined upon before the other and immediate resources could be made properly productive.

Within a few days after Congress had pledged itself by the resolution of January 15 the fear became prevalent that, in the face of that pledge, it tended toward excessive boldness in relying upon credit and towards a corresponding timidity in taxing.† There seemed to be a general willingness to *enact* that 6 per cent. bonds and demand notes should be worth par and a disposition to rely upon such enactments. It became necessary, therefore, that the press and other influential institutions should continue to brace up a weak-kneed Congress. Little was heard, save in the English press and in Washington, as to the unwillingness of the people to be taxed; but, instead of the existence of such a feeling, the country presented a spectacle of a people praying to be taxed. The public had come to a clear perception of the burden it invoked, and had made up its mind to assume that burden from a deliberate consideration of the ends for which it was to serve.‡

* See Boston *Advertiser*, January 17, 1862.

† See Boston *Advertiser*, January 23, 1862, and the New York *Journal of Commerce*, January 29, 1862; Philadelphia *North American and United States Gazette*, January 21, 1862; New York *Tribune*, January 15, 1862; and the report of American Geographical and Statistical Society, January 23, 1862, in *Bankers' Magazine*, vol. xi. p. 705.

‡ See Boston *Advertiser*, February 4 and March 8, 1862; New York *Journal of Commerce*, April 19; New York *Shipping and Commercial List*, Feb-

In the midst of such earnest efforts in urging Congress to action in this matter it is disappointing to find, during the first days of February, before the introduction of any measure for taxation, Secretary Chase pressing the necessity of the immediate passage of the United States note bill and Congress finally passing it with the legal tender clause included. Bankers knew long before Congress met in December that under Mr. Chase's policy there was danger of suspension. Therefore, many months had gone by with nothing accomplished towards providing in taxation a basis for operations. It seems palpable that, with the conditions of the case fully known for so long a period, a legal tender should not have been thus pressed upon the country by the knowledge that the Treasury was empty.

In answer to the excuse for delay that a tax bill required time for framing, it was pointed out then that this excuse was "more specious than substantial," and that there was nothing to prevent the immediate preparation and passage of a bill laying an excise upon distilled spirits, malt liquors, and tobacco. These were articles that were certain to be taxed heavily: hence there was no apparent necessity for waiting to adjust them in a complex scheme. Such a bill, drawn for the express purpose of securing revenue to be applied to the payment of interest in order to strengthen the government's credit, should have been passed instead of the less fruitful resolution of January 15; for it would have covered the case in point.*

The tax bill before Congress was permitted to drift,

ruary 26; Philadelphia *North American and United States Gazette*, February 6; speech of Hooper in the House of Representatives, February 3. The London *Spectator* claims that its American correspondent travelled extensively over the country, and that he found the West, upon the whole, anxious for taxation. See *Spectator*, March 1, 1862. It is stated in Appleton's *Annual Cyclopedia*, 1862, p. 460, that it was the direct tax which formed the great source of complaint in the West, since it fell too heavily upon the farmer. See Cooley's *Michigan*, p. 340, for the attitude of Michigan people in favor of giving the government support.

* The tax bill was not reported to the House until March 4.

however, until the public mind was drawn off by military successes and repelled by the undigested form in which it was finally passed by the House. By the latter part of April there was danger that the public, once so clamorous to see it pushed to completion, would become content to let the matter take its course. This feeling was enforced by an advance in government securities which was in greater part the result of the brighter prospects of the war. Secretary Chase at this late hour sent a long promised bill for taxation to the Senate Finance Committee; but the committee laid it aside, deeming it easier to amend the House bill than "to lick that of the Secretary into shape." * At this juncture the press and boards of trade again began to din at Congress to remember that pay-day would come, even though military success continued.† This influence, together with changes in the fortunes of the war for the worse, induced the final enactment of the bill on July 1, 1862,— a twelvemonth after plans for this end should rightfully have taken shape in the hands of the Secretary of the Treasury.

In view of such a record of influence brought to bear by constituencies on a reluctant Secretary and Congress, there is little room for doubt that, with initiative and leadership on their part, the latter could have successfully levied heavy taxation in the autumn of 1861.

Means to support the government should have come, properly, either from taxation or from the sale of bonds. The success of the latter would have been, in any case, largely influenced by the adequacy or inadequacy of the former. If taxation were inadequate and the credit of the government consequently poor, the only alternative was to sell bonds at a corresponding sacrifice.

* See New York *Tribune*, April 23, 1862.

† See New York *World*, May 1, 1862; New York *Journal of Commerce*, April 29; New York Chamber of Commerce, April 24, 1862, in *Bankers' Magazine* for June, 1862.

England's attitude towards the North during the early months of the war was not such as to hold out a prospect for a loan in the London market. The London *Times* exhibited great zeal in inspiring the English mind with a sense of the recklessness of the North in attempting to quell the rebellion in the face of its asserted slender resources.* The London *Economist*, while not precisely hostile to the North, believed that it was impossible for her to subjugate the South, and that to go to war "to reunite a community of free states to a set of slave states, from which Providence offered them the happy chance of an immediate disjunction," was the height of folly. The tone of the English press in general was such as to afford little prospect of a foreign loan. Secretary Seward's reckless language and undiplomatic proceedings in the conduct of our relations with England tended to increase the existing ill-feeling. As the year wore on, although the American tone disgusted the taste and offended the moral sense of her aristocracy, the majority of the English people, if not pro-Northern, was heartily hostile to the South.†

In the late summer and autumn of 1861 there was little in the attitude of a considerable section of the English investing public which prevented its purchase of our securities on the score of political or moral feeling.‡ If no market for them existed, the explanation is to be found in other causes. During this same period there was a prevalent hope on our part that a considerable portion of the loans authorized by Congress in July and August might

*See Boston *Advertiser*, September 12, 1861. For representative editorials of the attitude of the London *Times*, see issues of May 21 and 30, June 5 and 11, August 7 and 28, 1861.

† See *Spectator* (London), November 9, 1861; and Rhodes's *History of United States*, vol. iii. p. 427.

‡ See *Economist*, August 17 and 24, 1861; *Spectator*, August 3 and 17; and Boston *Advertiser*, November 25, for a letter from an English banker to a Boston friend. Also see a letter of Minister Adams, June 21, quoted by Rhodes, vol. iii. p. 430.

be placed in Europe, and especially in England. This hope was indulged by Secretary Chase, by Congress, by the associated bankers, and by large portions of the public. In fact, we have some reports of actual purchase and shipment, on a small scale, of 7-30 treasury notes, on European account, and of inquiries concerning them from personages of high standing abroad. In September the banking house of Barings expressed the opinion that the English people would be glad to take a part of the securities which the associated banks had assumed.

Whatever may have been the prospect of an English loan before the middle of November, the unfortunate occurrence of the Trent affair shut the door, for the time being, to this resource.* Two months elapsed before this complication was adjusted; and then the lingering hostile feeling, consequent upon disturbed relations, made it difficult, even though hindrances of a financial nature had not existed, for Englishmen to have confidence in our securities. In the early spring of 1862 a better feeling again prevailed. The English aristocracy, from motives founded in social considerations, was still desirous of the success of the Confederate States; but large portions of that class of Englishmen engaged in manufacturing and commercial pursuits, although their chief desire was for the termination of the war, that they might secure cotton, did not share this hostility towards the North. At the same time the Northern forces gained some important victories over the South. As a result of these circumstances, England did not present at that time an impossible market for our securities.†

*See Boston *Advertiser*, December 13, 17, and 19, 1861, and *Economist*, December 28, 1861. The Confederate commissioners, Mason and Slidell, were captured November 8. The news reached New York November 16, and London November 28. The matter was not adjusted until January 8, 1862.

† For the favorable change of English attitude, see Rhodes's *History of United States*, vol. iv. p. 72 *et seq.*, and also the financial column of the New York *Tribune*, March 20, 1862. Later on in the year of 1862 the English attitude was not so favorable.

If England, therefore, afforded a market for our bonds within the period ending June 30, 1862, it must have done so either in the autumn of 1861 or in the early spring of 1862. That the former period was the more favorable is unquestionable, and that we failed to secure the market in either period was evidently due to the absence of proper financial management. Foreigners were incredulous as to the ability of the American people to lay burdens upon themselves and to conquer their own love of ease and improvidence.* To such an extent did this feeling prevail that our bonds were discredited, not so much from fear that the principal would never be paid as from doubts that we would be willing to pay off the interest. The London *Economist* on February 22, 1862, said, if "Congress had adopted an efficient system of direct taxation at the outset of the struggle, the European credit of the government might have been preserved. *At a price* they would have got some money; but now they will not get a sixpence in Lombard Street or on the Continent, no matter what interest they offer." †

Second only in importance to the failure to create an adequate system of taxation at the outset of the struggle was this failure to sell bonds for what they would fetch in the foreign market, in the autumn of 1861. The relief derived from such a loan would have been important, the encouragement to the North of great value, and an additional influence would have been made to those working in our favor abroad. No doubt, such a movement would have required great sacrifice in rates. This would have been unfortunate, though not discreditable. The sale of bonds at the required sacrifice would have supplied the funds needed at the time; and the associated banks, which

* See Boston *Advertiser*, May 3 and June 15, 1862; *Economist*, September 7 and December 28, 1861, March 29 and July 19, 1862; *Spectator*, December 28, 1861, March 1, 1862.

† This was written before the Northern victories of February and March were known, and applied to conditions of the winter of 1861–62.

had crippled themselves with the $150,000,000 loan to the government, would have been in strong condition to give support to the Treasury in the trying days of February, 1862.*

In relation to domestic loans, also, this error was not without great importance. There were some real hindrances of an administrative nature which made the progress of the popular loan difficult in the fall of 1861. But, in spite of these hindrances, to say nothing of the larger considerations affecting the public credit, a strong sentiment existed in favor of relieving the banks of this $150,000,000 loan; and one is forced to the conclusion that, at somewhat better rates than the government was then willing to offer, large amounts could have been placed. Again, in March, 1862, when government securities grew stronger with the tide of Northern victories, Chase became hopeful of procuring through loans all the means needed. But at this juncture, after making the foolish and surprising complaint that bonds could not be sold at their "market price," † he refused to take advantage of the favorable situation.

Thus we see that Chase and Congress in the autumn, and Chase alone in the spring, failed to take advantage of opportunities to secure necessary funds, because it was considered beneath the dignity of the government to sell its bonds at a discount. The standing of bonds in the market in the period from January 1, 1861, to July 1,

* See Boston *Advertiser*, December 28, 1861; and Fessenden's speech in the Senate, February 12, 1862, *Congressional Globe* for 1862, pp. 763 and 764. Among others more obvious and familiar, there were two influences of more or less importance and the product of narrow views, which were thrown against this policy. First, there was a suspicion that the banks would profit by it. See Hooper's speech in the House, January 19, 1863. Second, there was a silly feeling on the part of many that America was too great and independent to need to resort to a foreign loan. See Philadelphia *Press*, August 7, 1861.

† Chase meant, foolishly enough, that he could not sell bonds at the market price without causing a decline and that, therefore, he had no authority to sell at that price. That this was a gross misinterpretation of the second section of the act of February 25, 1862, is clear from the debates in Congress on that measure.

1862, considered in connection with the small revenues of the government, was very good, and does not justify this policy. The government could have afforded a discount. The following table exhibits quotations * of the sixes of 1867 and 1868 and the sixes of 1881 for this period: —

1861, Jan. 5,	97	1861, June 15,	$83\frac{3}{4}$	1861, Dec. 5,	93
11,	100	22,	$83\frac{1}{2}$	12,	$92\frac{7}{8}$
18,	97	29,	84	19,	89
25,	98	July 6,	$85\frac{1}{4}$	31,	$91\frac{3}{4}$
Feb. 1,	97	13,	89	1862, Jan. 10,	90
8,	95	20,	$89\frac{1}{2}$	20,	91
15,	95	30,	88	Feb. 1,	$88\frac{1}{2}$
22,	94	Aug. 13,	$86\frac{3}{4}$	10,	$90\frac{1}{2}$
March 2,	94	20,	87	20,	90
16,	$95\frac{7}{8}$	27,	$87\frac{1}{2}$	March 1,	$92\frac{3}{4}$
23,	98	Sept. 3,	88	10,	$92\frac{5}{8}$
30,	95	10,	90	20,	94
April 6,	95	21,	90	April 1,	$93\frac{3}{8}$
13,	$93\frac{1}{4}$	28,	$91\frac{1}{8}$	10,	$93\frac{7}{8}$
20,	86	Oct. 5,	92	21,	$93\frac{3}{4}$
27,	$87\frac{1}{4}$	12,	$93\frac{5}{8}$	May 1,	98
May 4,	$88\frac{1}{2}$	23,	$94\frac{1}{4}$	10,	104
11,	89	30,	94	20,	$104\frac{1}{8}$
18,	$88\frac{1}{2}$	Nov. 7,	94	June 2,	106
25,	88	14,	$95\frac{1}{8}$	11,	$106\frac{1}{4}$
June 1,	$86\frac{5}{8}$	21,	$93\frac{1}{2}$	21,	$106\frac{1}{8}$
8,	$83\frac{3}{4}$	27,	$93\frac{1}{2}$	July 1,	$102\frac{3}{4}$

An examination of this table shows the natural fall in the value of bonds at the outbreak of the war, touching as low as 86 on April 20. After some slight recovery, another fall to $83\frac{1}{2}$ comes in June. This is the lowest quotation of the period. They rise to 90 in September, and do not fall below that point except twice during the remainder of the period. On the 1st of May the rise to 98 indicates a real improvement in the government's credit, the premium on gold amounting at that time to $1\frac{5}{8}$ per cent. only.

* The quotations are compiled from the *Bankers' Magazine*, vols. x.–xii.

The quotations from January 5 to September 21, 1861, are those of the sixes of '67 and '68. The remainder, beginning with September 28, 1861, are those of the sixes of '81.

The following table exhibits the revenues, expenditures, and the increase of debt of the government for the fiscal years ending June 30, 1861, and June 30, 1862:—

	Millions of dollars. 1861.	1862.
Revenues.		
From customs	39.5	49.0
" lands	.9	.1
" miscellaneous sources	.9	.9
" direct taxes		1.7
Total	41.3	51.9
Expenditures.		
For ordinary civil list	23.1	21.4
" pensions and Indians	3.8	3.1
" interest on public debt	4.0	13.1
" war department	22.9	294.3
" navy department	12.4	42.6
Total	66.3	474.7

Total indebtedness. June 30, 1861, 90.8; June 30, 1862, 514.2

The important items in the increase of indebtedness, during the fiscal year ending June 30, 1862, are:—

7-30 treasury notes	$122.0 millions
Sixes of 1881	50.0
5-20 bonds (through conversions)	13.9
Demand notes	60.0
United States notes	98.6
Temporary deposits	57.9
Certificates of indebtedness	49.8

An examination of these statistics reveals the insignificant increase in the revenues for the fiscal year 1862 over those for 1861, while the ratio of revenues for 1862—$51,900,000—to the total expenditures of that year—$474,700,000—is excessively small, not quite 11 per cent.

With the existence of such conditions it was folly to hope, as did Secretary Chase and many leading members of Congress, that United States securities bearing a comparatively low rate of interest should sell at or near par.

89 per cent. of the expenditures had to be met by means of the government's credit. With these conditions and this attitude of mind prevailing, it is not surprising, though not creditable, that a resort to the legal tender issues was made. Later on, however, when the United States notes had depreciated to a sufficient degree to enable investors to purchase bonds at prices which would properly compensate them for the risk undertaken, the Secretary and others were perfectly willing to sell them for seventy-five, fifty, and even thirty-five cents in gold, such being the depreciation of United States notes for which the securities sold at par. At these prices the government sold bonds freely.

It was obvious in the summer of 1861 that the currency needed attention. The commercial crisis of 1860, although overshadowed by impending political events, had forced many banks, especially those in the West, into bankruptcy. Few hesitated to admit that, as a consequence, an appreciable proportion of the circulating medium of the country had dropped out of existence. This produced a more or less marked vacuum in the currency. Such a condition, considered in connection with the heterogeneous character of the State banks and their issues, caused apprehension for the future. Many proposals for improvement of the currency were therefore presented to the Secretary of the Treasury. It is to one of these proposals that we wish to direct attention, as having offered an easy and practicable escape from some embarrassments which overtook the Treasury later on.

Mr. O. B. Potter, in a letter of August 14, 1861, addressed to Secretary Chase, set forth a plan the important provisions of which are as follows: —

1. To permit duly authorized state-banks in the loyal states to deposit bonds of the United States government as security for notes issued.

2. To appoint an officer connected with the treasury department, whose duty it would be to receive the bonds, and issue, in return, notes so signed and stamped as to indicate their character and to differentiate them from all other bank-notes.

3. To confer authority upon such superintendent, in case a bank should fail to redeem its notes, to sell the bonds and apply the proceeds to the redemption of the notes.

The possibilities of this plan were very great. It presented the merits of simplicity, safety, avoidance of a violent break with existing institutions, and of being based upon experience in some of the States. It was simple in its requirements, calling merely for a superintendent or comptroller who would issue uniform notes on deposit of bonds, and sell the bonds for purposes of redemption when occasion demanded. The issues would have been as safe as those under the present national banking system and for the same reason. It avoided any violent change, because the banks would continue their existence under State charters, administered by State officers. And, to disarm criticism which might be justly lodged against *a priori* conceptions in the field of banking, Potter could point to the success of the system of note issues in the State of New York. Furthermore, it placed the responsibility of redeeming the circulation upon the banks, and not upon the government as was the case with the United States notes.

If this plan or a similar one had been adopted early, it would have furnished a safe medium by which the government could receive revenues and loans and make payments; and Chase would have been deprived of the excuse for giving a senseless interpretation to the act of August 5, permitting him to set aside the rigid features of the sub-treasury system. He would not then have been confronted with the alternative of receiving and

making payments in coin or in questionable bank-notes. Chase had apparently imbibed against bank issues the strong prejudice then existing among certain classes in the West. With this overcome by an acceptable and practicable system of issues, the next step would have been an easy and natural one. The problem confronting the Secretary and the associated banks was to transfer, with the least possible disturbance to the existing machinery of exchange, materials of war and provisions for the army from the hands of capitalists or those in control of processes of production, to the government. Different members of the associated bankers * repeatedly set before Mr. Chase the necessity of utilizing the check and clearing-house system as a means of effecting this transfer, if he would avoid draining specie from the banks and depriving them of their ability to give the very aid which he sought. Consequently, they urged him to suspend the operation of the Sub-treasury Act in so far as it interfered with this procedure, and to draw directly on specified banks in favor of government creditors. His checks in this way would afford a medium of exchange, coin would be left in the banks as a basis of the system, as in ordinary commercial transactions, and the tendency, always present in revolutionary periods, to hoard coin would be cut short. Chase absolutely refused to be persuaded, and turned his back upon a highly developed system, which was as much an essential part of modern methods of exchange as the railway was of modern methods of transportation. It would have been far easier for Chase to accept this system, had greater familiarity with banking conditions and freedom from fear of spurious note issues been secured through the adoption and use of a system such as the Potter plan proposed. Unfortunately, Chase gave this

* See, for example, James Gallatin, speech at a meeting of bank officers, *Bankers' Magazine*, vol. xi. p. 625. Also Ibid., p. 631, for a letter to Fessenden in which he refers to his efforts to give information to Chase. See also letters by G. S. Coe and J. E. Williams in Spaulding's *Legal Tenders*, Appendix, 2d edition, pp. 91, 97, and 98.

plan no consideration at the time.* Whether this omission was due to pressure of other duties in the treasury department or to his diverting his attention to military affairs for the sake of selfish political ends, or to the fact that he failed to see the feasibility of the plan, is now of minor importance.

Late in December, when suspension was close at hand, the banks made an effort to institute a plan † on the lines of the Potter proposal, in order to continue specie payment. They held $40,000,000 in specie and $150,000,000 of government bonds; and they proposed on this basis to issue notes stamped or signed by an officer of the federal government, the banks in other respects remaining under state control. With such an issue "at once simple and expeditious" they felt that it would be practicable for them to continue their advances to the government. But this, as other proposals of these bankers who had sought to make common cause with the Secretary, met with no favor, and suspension was declared.

In refusing to make use of bank credit either in the form of note issues or of deposits Chase assumed that, in spite of his confessed ignorance of monetary and financial matters, he understood better than men trained by long experience how to make great transfers of property with the greatest advantage to the government, the public and the banks. In the light of later developments it is plain that undue weight was given to his opinion, and that the

* See a statement to this effect in Potter's pamphlet of 1875, addressed to Secretary Bristow *et al.* This plan was made a part of the first National Bank Act (February 25, 1863), sections 62, 63, and 64. Hugh McCulloch, in his report of November, 1863, as Comptroller of the Currency, recommends the repeal of this feature of the act on the grounds that "it contemplates the mixing of two systems that ought to be independent." McCulloch's objection, however, would not apply to the conditions in 1861, before the national banking system was inaugurated. See *Comptroller's Report*, 1863, pp. 55 and 56 in *Finance Report*, 1863.

† See letter of George S. Coe, Spaulding, *Legal Tenders*, Appendix, p. 94. Chase received offers at various times to buy bonds on condition that he would receive bank checks in payment; *e.g.*, see New York *Tribune*, June 28, 1862.

banks would have served the nation better by enforcing their desire to have the Sub-treasury Act modified and to have ordinary means of payment used in their transactions.

After this perilous lack of harmony between the government and the banks, and the results ensuing, can it then be said that nothing remained but to issue the legal tender notes?

The argument of necessity could not properly be urged until all other more expedient resources had been exhausted. In spite of the fact that the government had failed to improve the opportunities to secure means for its support thus far passed in review, there still remained in February (1862), on the eve of the passage of the first Legal Tender Act, an avenue of escape from a legal tender paper, and there was still a chance for righting some mistakes.

This was offered by the plan of the minority of the Ways and Means Committee, which was supported by some of the ablest men in Congress. It provided: —

1. For the retention of the $50,000,000 of demand notes of July 17.

2. For the issue of $100,000,000 of 3.65 treasury notes, payable in two years to bearer, in denominations of five dollars and upwards, receivable for all public dues except duties on imports, payable to all creditors of the government at the option of the creditor, convertible into 7.30 coin bonds and reissuable.

3. For the issue of $500,000,000 of bonds, partly bearing 7.3 per cent. interest and redeemable after ten years, partly bearing 6 per cent. interest and redeemable after twenty-four years, and to be sold for lawful money of United States or for any treasury notes issued.*

* In this plan as proposed by the minority of the House Committee, there was no provision for selling bonds in the market for what they would fetch. The Senate added such a feature to the bill which became law February 25, and it is fair to assume that it would have added a similar provision to the plan of the minority.

4. For temporary deposits without limit and with interest at $5\frac{2}{5}$ per cent.

It is important in this connection to observe that the total issue of legal tender notes during the war bore, finally, a very small ratio to the total amount expended by the government. If we take the period from July, 1861, to July, 1865, we find that at first the Treasury was almost empty, and that

The ordinary revenues for the period were	$753.4 millions
The excess borrowed (including legal tender issues) . . .	2,590.1
The amount received by government.	$3,343.6
Total amount of legal tender notes	$450.0

From the foregoing statistics we see that the legal tender issues constituted less than one-seventh of the total resources for the period. The great bulk of the means to carry on the war came through the increase of indebtedness in the form of bonds. Certainly, it cannot be said that, in the long run, it was impossible for the government to fill out this comparatively small amount without recourse to a "forced loan."

In view of this situation, two arguments only can be advanced in favor of the legal tender act over the plan of the minority: first, that the United States notes (legal tenders) afforded an *immediate* relief to the Treasury, and therefore met the cry of pressing necessity at the moment; second, that the United States notes afforded the only means of securing a proper circulating medium since specie payment had been suspended. Upon examination, however, it will be found that neither of these reasons will bear scrutiny. The conclusive answer to the first argument is that the United States notes did not, as a matter of fact, afford the *immediate* relief of which the Treasury in February stood in need. As we have seen in the preceding pages, these notes did not make their appearance until the first of April, nor did they appear in considerable amounts until still later. The needs of the

government were met, beyond the ordinary revenues, by the proceeds from temporary deposits, by certificates of indebtedness, and by permitting requisitions to pile up on the Treasurer's desk. It was a well-settled fact as early as October 1, 1861, that severe pressure must come upon the Treasury; and it was not until April 1 that any definite plan afforded a resource. The cry of pressing necessity was raised therefore, when, in fact, the government had the space of six months in which to mature adequate financial plans and when the space of three months, at least, remained from the time the legal tender measure was drawn up by its supporters until relief came from the legal tender issue. In the light of these facts it cannot be said that the legal tender issues were a necessity in February to save the Treasury even temporarily from bankruptcy.

The second argument is more specious, but not any the less inapplicable to the state of facts. "The grand difficulty all along was found in devising the machinery by which the regular production of the country should be diverted from its usual objects," * and made available for the government's purposes. Here we must draw a distinction. The problem of the government's ability to purchase this production by means of its revenues or its credit is one thing and different from the problem of choosing a medium of exchange by means of which this production might be transferred from the hands of producers to one another or to the army, the navy, and other public consumers. It is the latter question that now concerns us.

The commercial crisis of 1860, as we have seen, had resulted, especially in the West, in driving many banks to the wall: hence a portion of the note circulation dropped out of existence, and a vacuum in the ordinary currency of the country occurred.† It is safe to say that this

* Boston *Advertiser*, March 5, 1862.

† The estimated amount of this falling off varies, but not widely, according to different individuals. Secretary Chase, in the *Finance Report* for 1862,

vacuum was at least made good by the demand note issue of July 17, which could be utilized until the banks were able to supply a larger circulation. As a result of the crisis of 1860, and of the change in the channels of trade consequent upon the existence of war,— this change being a result both of the uncertainty of the future and of the war demands of the government,— stagnant conditions in ordinary commercial business prevailed, as is shown from the following items in the accounts of New York banks:

(*Millions of dollars.*)

	Oct., 1860.	*Jan., 1861.*	*June, 1861.*	*Feb., 1862.*
Loans	123.3	129.6	117.5	77.6
Deposits	75.1	86.4	87.6	106.3

This table shows that commercial loans in February, 1862, had fallen off $52,000,000, or 40 per cent., as compared with January, 1861; and $39,800,000, or 33.7 per cent., as compared with June, 1861. The deposits increased during the latter period about $20,000,000, or 21.5 per cent. During this time the public had taken from the banks, which had made the $150,000,000 loan to Secretary Chase, $50,000,000 of government bonds. This shows an aggregate of $110,000,000 that was thrown out of its usual employment from June to February, or $122,000,000 from January, 1861, to February, 1862. Furthermore, for the period following suspension of specie payment, and until the issue of United States notes gave a basis for increased note circulation, the banks, upon the whole, had supplied a fairly satisfactory currency. In view of these facts it cannot be said that the legal tender notes were needed as a medium of exchange to conduct the ordinary commercial transactions of the time.*

p. 7, places the bank circulation in the loyal States for January 1, 1861, at $150,000,000; and for January 1, 1862, at $130,000,000. Other estimates are given by the Boston *Advertiser*, July 8, 1861; by Sherman, Knox's *History of Banking*, p. 227; by Morill, Spaulding's *History*, p. 61.

* I take no account here of the possibility of the use of the check and deposit system, to afford more currency as needed by the commercial community.

On the other hand, the business transactions between the government and the public on the war account reached considerable proportions during the period ending June 30, 1862. When the productive forces of the country were fairly started toward supplying war materials, the increased need for currency was similar to a situation under normal conditions, where a good year follows a poor one in the business world. Were, then, the legal tender issues necessary in order to afford the Treasury a medium with which to sell bonds and purchase supplies? The plan of the minority provided for such a medium without entailing upon the public and upon the government itself all of the evils of a forced issue. The $50,000,000 of demand notes already in existence were available in large measure for this purpose; and the $100,000,000 of 3.65 treasury notes, proposed by the minority, were well fitted to serve as a medium in transactions of this nature, while it is not probable that they would have entered largely into the general circulation of the country. There is no reason in the nature of the case why these notes should not have served at least as well in this particular capacity as the legal tender issues.

In examining the conditions under which the United States notes were issued, we have seen that the substitution of Hooper in the place of Appleton on the Ways and Means Committee gave to legal tender a foothold which otherwise it would not have secured; that it was the temporary deposits and certificates of indebtedness, and not the legal tender paper, long delayed in issue, which tided the government over the trying period of February, 1862, and the following weeks; that the entire issue of legal tender notes bore a very small and unimportant proportion to the total war expenditures; that Secretary Chase and Congress made grave mistakes in their policy on taxation and the sale of bonds; and that

plans of bankers and of the minority of the Ways and Means Committee, which might have prevented this disastrous step, were proposed and urged upon the government. In view of this history, we can see no adequate grounds for urging the necessity of the United States notes as a means of support either in the long run or in the emergencies of February and March, 1862.

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